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**ARIZONA CORPORATION COMMISSION**

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June 23, 2005

Mr. James S. Pignatelli  
President and CEO  
Tucson Electric Power  
P.O. Box 711  
Tucson, AZ 85702

Dear Mr. Pignatelli:

The past few days have seen demand for electricity reach a record high statewide, with approximately 2,185 megawatts used during the Tucson's peak hour on Wednesday. TEP met that demand with a cushion of approximately 700 MW, which includes 150 MW of generation that was offline and 550 MW of purchased power. Forecasts call for lower demand today and through the weekend as a result of lower temperatures and higher humidity.

In a March 18, 2005 presentation on summer preparedness, TEP informed the Commission that its forecasted peak load would be 2,144 MW, which under normal circumstances would occur seventy percent of the time in the July or August timeframe when temperatures and humidity are at their apex. Given the fact that we have already hit 2,185 MW, more than the company's original forecasted peak for 2005, does TEP have any plans to revise its summer peak load forecasts? Is the 700 MW reserve sufficient to withstand any potential transmission line outages forced by a fire, or other unanticipated event? And given the 2,185 MW record set yesterday, has TEP done an analysis of its readiness for next summer, or performed a projection of what peak demands will be in the summer of 2006?

Thank you for addressing these questions.

Sincerely,

Kris Mayes  
Commissioner

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cc: Chairman Jeff Hatch-Miller  
Commissioner William A. Mundell  
Commissioner Marc Spitzer  
Commissioner Mike Gleason  
Ernest Johnson  
Steve Olea  
Brian McNeil  
Heather Murphy